

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549



08027484

**ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III**

OMB APPROVAL	
OMB Number:	3235-0123
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SEC FILE NUMBER
8-20629

**FACING PAGE**  
**Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 01/01/2007 AND ENDING 12/31/2007  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: KCCI, LTD.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

80 MAIDEN LANE, SUITE 2201

(No. and Street)

NEW YORK

NEW YORK

10038

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
SIDNEY W. AZRILIAN (212) 869-8223

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

SIDNEY W. AZRILIAN, CPA. P.C.

(Name - if individual, state last, first, middle name)

36 WEST 44TH STREET, SUITE 1100, NEW YORK,

NY

SEC

10036

(Address)

(City)

(State)

Mail Processing Section (Zip Code)

**CHECK ONE:**

☒ Certified Public Accountant

☐ Public Accountant

☐ Accountant not resident in United States or any of its possessions.

**PROCESSED**

MAR 13 2008

THOMSON  
FINANCIAL

FEB 28 2008

Washington, DC  
101

**FOR OFFICIAL USE ONLY**

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (06-02)

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

3/12/08

## OATH OR AFFIRMATION

I, MARK A. NAUMAN, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of KCCI, LTD., as of December 31, 2007, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

EVAN B. AZRILIAN  
Notary Public, State of New York  
No. 02A25022862  
Qualified in New York County  
Commission Expires Jan. 18, 2010

Mark Nauman  
Signature  
PRESIDENT  
Title

Notary Public

This report \*\* contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☒ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☒ (m) A copy of the SIPC Supplemental Report.
- ☒ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

**KCCI, LTD.**

**AUDITED FINANCIAL STATEMENTS**

For the Year Ended December 31, 2007

**Sidney W. Azriliant, CPA, P.C.**

The Bar Building  
36 West 44<sup>th</sup> Street, Suite 1100  
New York, New York 10036-8102

Telephone: (212) 869-8223 / Facsimile: (212) 840-2540

## **INDEX**

### **Auditor's Report**

- EXHIBIT A** Statement of Financial Condition as at December 31, 2007
- EXHIBIT B** Statement of Operations & Retained Earnings for Year Ended December 31, 2007
- EXHIBIT C** Statement of Changes in Stockholders' Equity
- EXHIBIT D** Statement of Changes in Subordinated Liabilities
- EXHIBIT E** Statement of Cash Flows for Year Ended December 31, 2007

### **Notes to Financial Statements**

### **Supplemental Statement and Reports**

1. Computation of Net Capital Pursuant to Rule 15C3-1
2. Information Relating to the Possession or Control Requirements Pursuant to Rule 15C3-1
3. FOCUS Report – Part II A
4. Internal Control Report

SIDNEY W. AZRILIAN, CPA, P.C.

THE BAR BUILDING - SUITE 1100

36 WEST 44TH STREET

NEW YORK, N. Y. 10036

TELEPHONE

(212) 869-8223

To The Board of Directors  
KCCI, LTD.

We have audited the accompanying Statement of Financial Condition of KCCI, Ltd. as of December 31, 2007 and the related Statements of Operations and Retained Earnings, Changes in Stockholders' Equity, Changes in Subordinated Liabilities, and Cash Flows for the year then noted. These financial statements are the responsibility of Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of KCCI, Ltd. as of December 31, 2006, and the results of its operations and its cash flows for the year ended in conformity with generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. This information contained in the supplemental schedules is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 of the Securities and Exchange Commission. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

SIDNEY W. AZRILIAN, CPA, P.C.

A handwritten signature in dark ink, appearing to read 'Sidney W. Azriliant', written in a cursive style.

February 26, 2008

**EXHIBIT A.**  
**KCCI, LTD.**  
**STATEMENT OF FINANCIAL CONDITION**  
*As at December 31, 2007*

**ASSETS**

Current Assets

Cash in the Bank	\$ 444,272	
Accounts Receivable	90,909	
Deposit with Clearing Organization	100,000	
<u>Total Current Assets</u>		<u>\$ 635,181</u>

Fixed Assets

Leasehold Improvements	\$ 40,351	
<u>Total Fixed Assets</u>		<u>\$ 40,351</u>

Other Assets

Security Deposit		<u>\$ 40,383</u>
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<b><u>TOTAL ASSETS</u></b>		<b><u>\$ 715,915</u></b>
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**LIABILITIES AND STOCKHOLDERS' EQUITY**

Current Liabilities

Accrued Accounts Payable	\$ 120,267	
<u>Total Current Liabilities</u>		<u>\$ 120,267</u>

Commitments and Contingencies (Note 3)

Stockholders' Equity

Capital Stock Issued:		
200 Shares Authorized		
20 Shares Issued & Outstanding (npv)	\$ 20,000	
Additional Paid-In Capital	200,000	
Retained Earnings	375,648	
<u>Total Stockholders' Equity</u>		<u>\$ 595,648</u>

<b><u>TOTAL LIABILITIES &amp; STOCKHOLDERS' EQUITY</u></b>		<b><u>\$ 715,915</u></b>
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The accompanying notes to financial statements are an integral part of this report.

**SIDNEY W. AZRILIAN, CPA, P.C.**

**EXHIBIT B.**

**KCCI, Ltd.**

**STATEMENT OF OPERATIONS AND RETAINED EARNINGS**

*For the Year Ended December 31, 2007*

**INCOME**

Commissions and Floor Brokerage	\$3,614,164	
Less: Commissions Paid to Other Broker/Dealers	<u>45,224</u>	
<b><u>Net Commissions Income</u></b>		\$ 3,568,940
Interest Earned on Firm Deposit And Clearance Accounts		<u>7,397</u>
<b><u>TOTAL INCOME</u></b>		<b>\$ 3,576,337</b>

**OPERATING EXPENSES**

Employees' Compensation & Benefits	\$ 1,470,650	
Selling, General & Expenses	1,905,250	
Regulatory Fees & Expenses	<u>68,838</u>	
<b><u>Total Operating Expenses (Note 5):</u></b>		<b>\$ 3,444,738</b>
<b><u>NET INCOME (LOSS) FOR YEAR (Note 6):</u></b>		<b>\$ 131,599</b>
Retained Earnings -- January 1, 2007		<u>244,049</u>
Retained Earnings -- December 31, 2007		<b>\$ 375,648</b>

The accompanying notes to financial statements are an integral part of this report.

**EXHIBIT C.**

**KCCI, Ltd.**

**STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY**

*For the Year Ended December 31, 2007*

<u>Balance -- Beginning of Year (January 1, 2007)</u>	\$ 464,049
Net Income (Loss) per Exhibit B	131,599
	<hr/>
<u>Balance -- End of Year (December 31, 2007)</u>	<u>\$ 595,648</u>

The accompanying notes to financial statements are an integral part of this report.



**EXHIBIT D.**

**KCCI, Ltd.**

**STATEMENT OF CHANGES IN SUBORDINATED LIABILITIES**

*For the Year Ended December 31, 2007*

<u>Balance -- Beginning of Year (January 1, 2007)</u>	\$ - 0 -
Qualified Debt Paid During Year	- 0 -
	<hr/>
<u>Balance -- End of Year (December 31, 2007)</u>	<u>\$ - 0 -</u>

The accompanying notes to financial statements are an integral part of this report.

**EXHIBIT E.**

**KCCI, Ltd.**

**STATEMENT OF CASH FLOWS**  
*For the Year Ended December 31, 2007*

**Cash Flows from Operating Activities:**

<b><u>Net Income (Loss) Per Exhibit B</u></b>	<b>\$</b>	<b>131,599</b>
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**Changes in Assets & Liabilities**

Increase in Accounts Receivable	(17,213)	
Increase in Accounts Payable	83,467	
Decrease in Fixed Assets	18,554	
Decrease in Security Deposit	10,096	94,904

<b><u>Net Cash From Operating Activities:</u></b>	<b>\$</b>	<b>226,503</b>
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Net Changes in Cash & Equivalents:		226,503
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<b><u>Cash Balance -- Beginning of Year (January 1, 2007)</u></b>		<b>217,769</b>
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<b><u>Cash Balance -- Ending of Year (December 31, 2007)</u></b>	<b>\$</b>	<b>444,272</b>
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Supplemental disclosure of cash flow information:

Cash paid during year for:

Interest	\$	6,758
Corporate Income & Franchise Taxes		7,000

The accompanying notes to financial statements are an integral part of this report.

# KCCI, LTD.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2007

**NOTE 1 – Date of Incorporation**

The Corporation was incorporated in New York State on March 1, 1976 under the name of F. A. Christensen, Inc. It operated under the name of F. A. Christensen, Inc. until October 5, 1989, when it amended its Certificate of Incorporation and changed its name to Global Execution Services, Inc. On November 3, 1989, the name of the Corporation was changed to Kelly, Carroll & Christensen, Inc. and it changed to Kelly & Christensen, Inc., and then KCCI, Ltd. thereafter. The corporation conducts a stock brokerage business on the floor of the New York Stock Exchange and from offices at 80 Maiden Lane, Suite 2201, New York, NY 10038. In connection with the firm's stock brokerage business, it receives income from floor brokerage and commissions on customers' accounts. All customer transactions are cleared through Pershing on a fully disclosed basis.

**Note 2 – Commitments and Contingencies**

The Corporation has its corporate offices at 80 Maiden Lane, Suite 2201, New York, NY 10038.

**Note 3 – Insurance**

The Corporation obtained a one-year renewable Stockbrokers Blanket Bond from St. Paul Fire and Marine Insurance and it has been renewed every year since. The policy has a limit of liability totaling \$120,000 and it is subject to a loss deductible of \$5,000.

**Note 4 – Net Capital Requirements**

The Corporation is subject to Securities and Exchange Commission's Uniform Net Capital Rule (Rule 15C3-1), which requires the Corporation to maintain minimum dollar net capital of \$21,351. At December 31, 2007 the Corporation had net capital of \$514,914.

**Note 5 – Commitments and Contingencies**

The office location at 80 Maiden Lane, New York, NY has a Five (5) year lease at \$10,081.53 per month expiring in 2010 with an annual base of \$120,978.

**Note 6 – Financial Instruments with Off-Balance-Sheet Credit Risk**

As a securities broker, the Firm is engaged in various brokerage activities servicing a diverse group of domestic corporations, institutional and individual investors and other brokers and dealers. The firm executes transactions and

Sidney W. Azriliant, CPA, P.C.

introduces them for clearance to another NYSE member firm on a fully disclosed basis. The firm's Exposure to credit risk associated with nonperformance of these customers in fulfilling their contractual obligations pursuant to securities transactions can be directly impacted by volatile trading markets, which may impair the customer's ability to satisfy their obligations.

The Firm does not anticipate nonperformance by clients or counterparties in the above situations. The Firm, through its clearing broker, seeks to control the aforementioned risks by requiring clients and Counterparties to maintain margin collateral in compliance with various regulatory and internal guidelines. The Firm's clearing broker monitors required margin levels daily and pursuant to such guidelines requires the client or counterparty to deposit additional collateral, or reduce positions, when necessary. The Firm's policy is to monitor its market exposure and counterparty risk. In addition, the Firm has a policy of reviewing, as considered necessary, the credit standing of each client and counterparty with which it conducts business.

**Schedule 1.**

**KCCI, Ltd.**

**COMPUTATION OF NET CAPITAL PURSUANT TO RULE 15C3-1**

*As at December 31, 2007*

**Computation of Net Capital**

<u>Total Stockholder's Equity -- Exhibit A</u>	\$	595,648
Subordinated Debt		- 0 -
Non-Allowable Assets		80,734
<b><u>Net Capital</u></b>	<b>\$</b>	<b><u>514,914</u></b>

**Computation of Basic Net Capital Requirement**

Minimum Net Capital Required	\$	8,018
Minimum Dollar Net Capital Requirement		5,000
Excess Net Capital	\$	<u>506,869</u>
<u>Percentage of Aggregate</u> <u>Indebtedness to Net Capital</u>		<u><u>23.36%</u></u>

The accompanying notes to financial statements are an integral part of this report.

**Schedule 2.**

**KCCI, Ltd.**

**Information Relating to the Possession or Control Requirements**

*Pursuant to Rule 15C3-3*

*As at December 31, 2007*

The Company claims exemption from the requirements of Rule 15C3-3 under Section (k)(2)(B) of the rule, on the grounds that all customer transactions are cleared through Pershing, LLC on a fully disclosed basis.

The accompanying notes to financial statements are an integral part of this report.

Sidney W. Azriliant, CPA, P.C.

SIDNEY W. AZRILIAN, CPA, P.C.

THE BAR BUILDING - SUITE 1100

36 WEST 44TH STREET

NEW YORK, N. Y. 10036

TELEPHONE

(212) 869-8223

To the Board of Directors  
KCCI, Ltd.

In accordance with Rule 17a-5-(e)(4) of the Securities and Exchange Commission, we have performed the following procedures with respect to the accompanying schedule (Form SIPC-7) of the Securities Investor Protection Corporation assessments and payments of KCCI, Ltd. for the year ended December 31, 2007. Our procedures were performed solely to assist you in complying with rule 17a-5-(e)(4), and our report is not to be used for any other purpose. The procedures we performed are as follows:

1. Compared listed assessment payments with respective cash disbursements records entries;
2. Compared amounts reported on the audited Form X-17A-5 for the period January 1, 2007 to December 31, 2007 with the amounts reported in the General Assessment Reconciliation (Form SIPC-7);
3. Compared any adjustments reported in Form SIPC-7 with supporting schedules and working papers;
4. Proved the arithmetical accuracy of the calculations reflected in Form SIPC-7 and in the related schedules and working papers and supporting adjustments.

Because the above procedures do not constitute an audit made in accordance with generally accepted auditing standards, we do not express an opinion on the schedule referred to above. In connection with the procedures referred to above, nothing came to our attention that caused us to believe that the amounts shown on Form SIPC-7 were not determined in accordance with applicable instructions and forms. This report relates only to the schedule referred to above and does not extend to any financial statements of KCCI, Ltd. taken as a whole.

SIDNEY W. AZRILIAN, CPA, P.C.



February 26, 2008

SIDNEY W. AZRILIAN, CPA, P.C.

THE BAR BUILDING - SUITE 1100

36 WEST 44TH STREET

NEW YORK, N. Y. 10036

TELEPHONE

(212) 869-8223

To the Board of Directors  
KCCI, LTD.  
New York, New York

In planning and performing our audit of the financial statements of KCCI, Ltd. as of December 31, 2007, we considered its internal control structure, including procedures for safeguarding securities in order to determine our auditing procedures for the purpose of expressing our opinion on the consolidated financial statements and not to provide assurance on the internal control structure.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission, we have made a study of the practices and procedures (including tests of compliance with such practices and procedures) followed by KCCI, Ltd. that we considered relevant to the objectives stated in Rule 17a-5(g), (1) in making the periodic computations of aggregate indebtedness and net capital under Rule 17a-3(a)(11) and the reserve required by Rule 15c3-3(e); (2) in making the quarterly securities examinations, counts, verifications and comparisons, and the recordation of differences required by Rule 17a-13; and (3) in complying with the requirements for prompt payment for securities under Section 8 of Regulation T of the Board of Governors of the Federal Reserve System.

The management of the Company is responsible for establishing and maintaining an internal control structure and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures, and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the Commission's above-mentioned objectives. Two of the objectives of an internal control structure and the practices and procedures are to provide management with reasonable, but not absolute, assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit preparation of financial statements in conformity with generally accepted



accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in any internal control structure or the practices and procedures referred to above, errors or irregularities may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

Our consideration of the internal control structure would not necessarily disclose all matters of the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving the internal control structure, including procedures for safeguarding securities, that we consider to be material weaknesses as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the Commission to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at December 31, 2007 to meet the Commission's objectives.

This report is intended solely for the use of management, the Securities and Exchange Commission, and other regulatory agencies which rely on Rule 17a-5(t) under the Securities Exchange Act of 1934 and should not be used for any other purpose.

SIDNEY W. AZRILIAN, CPA, P.C.

A handwritten signature in dark ink, appearing to read 'Sidney W. Azriliant', is written over the typed name.

February 26, 2008

Sidney W. Azriliant, CPA, P.C.

SIDNEY W. AZRILIAN, CPA, P.C.

THE BAR BUILDING - SUITE 1100

36 WEST 44TH STREET

NEW YORK, N. Y. 10036

TELEPHONE

(212) 869-8223

Independent Auditor's Report on the SIPC Annual  
Assessment Required by SEC Rule 17a-5

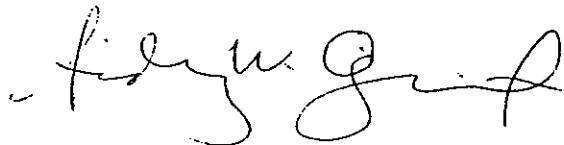
KCCI, Ltd.

In accordance with Rule 17a-5(e)(4) of the Securities and Exchange Commission, we have performed the following procedures with respect to the accompanying schedule (Form SIPC-4) of Securities Investor Protection Corporation assessments and payments of KCCI, LTD. for the year ended December 31, 2007. Our procedures were performed solely to assist you in complying with Rule 17a-5(e)(4), and our report is not to be used for any other purpose. The procedures we performed are as follows:

1. Compared listed assessment payments with respective cash disbursements records entries;
2. The SIPC assessment for 2007 has been paid.

Because the above procedures do not constitute an audit made in accordance with generally accepted auditing standards, we do not express an opinion on the schedule referred to above. In connection with the procedures referred to above, nothing came to our attention that caused us to believe that the amounts shown on Form SIPC-4 were not determined in accordance with applicable instructions and forms. This report relates only to the schedule referred to above and does not extend to any financial statements of KCCI, LTD. taken as a whole.

SIDNEY W. AZRILIAN, CPA, P.C.



February 26, 2008

FORM  
X-17A-5

# FOCUS REPORT

(FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT)

## PART IIA 12

(Please read instructions before preparing Form)

This report is being filed pursuant to (Check Applicable Block(s)):

1) Rule 17a-5(a)

☒ 16

2) Rule 17a-5(b)

☐ 17

3) Rule 17a-11

☐ 18

4) Special request by designated examining authority

☐ 19

5) Other

☐ 26

NAME OF BROKER-DEALER

KCCI, LTD.

13

ADDRESS OF PRINCIPAL PLACE OF BUSINESS (Do not use P.O. Box No.)

80 Maiden Lane, Suite 2201

20

(No. and Street)

New York

21

NY

22

10038

23

(City)

(State)

(Zip Code)

SEC. FILE NO.

20629

14

FIRM ID NO.

15

FOR PERIOD BEGINNING (MM/DD/YY)

10/01/07

24

AND ENDING (MM/DD/YY)

12/31/07

25

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT (Area code) - Telephone No.

MARSHALL S. MADDOX

30

(212) 430-5935

31

NAME(S) OF SUBSIDIARIES OR AFFILIATES CONSOLIDATED IN THIS REPORT

OFFICIAL USE

3233343536373839

DOES RESPONDENT CARRY ITS OWN CUSTOMER ACCOUNTS ?

YES

☐ 40

NO

☐ 41

CHECK HERE IF RESPONDENT IS FILING AN AUDITED REPORT

☐ 42**EXECUTION:**

The registrant/broker or dealer submitting this Form and its attachments and the person(s) by whom it is executed represent hereby that all information contained therein is true, correct and complete. It is understood that all required items, statements, and schedules are considered integral parts of this Form and that the submission of any amendment represents that all unamended items, statements and schedules remain true, correct and complete as previously submitted.

Dated the 15 day of JANUARY 20 08

Manual Signatures of:

1)

Principal Executive Officer or Managing Partner

2)

Principal Financial Officer or Partner

3)

Principal Operations Officer or Partner

ATTENTION - Intentional misstatements or omissions of facts constitute Federal Criminal Violations. (See 18 U.S.C. 1001 and 15 U.S.C. 78f (a) )

FINRA

Date: 2/5/08 1:56 PM  
Status: Accepted

100

Unconsolidated	X	199
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Total

OMIT PENNIES

# FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

## PART IIA

Date: 2/5/08 1:56 PM  
Status: Accepted

BROKER OR DEALER

KCCI, LTD.

as of 12/31/07

### STATEMENT OF FINANCIAL CONDITION FOR NONCARRYING, NONCLEARING AND CERTAIN OTHER BROKERS OR DEALERS

#### LIABILITIES AND OWNERSHIP EQUITY

Liabilities	A.I. Liabilities	Non-A.I. Liabilities	Total
13. Bank loans payable	\$ 1045	\$ 1255	\$ 1470
14. Payable to brokers or dealers:			
A. Clearance account	1114	1315	1560
B. Other	1115	1305	1540
15. Payable to non-customers	1155	1355	1610
16. Securities sold not yet purchased, at market value		1360	1620
17. Accounts payable, accrued liabilities, expenses and other	120,267 1205	1385	120,267 1685
18. Notes and mortgages payable:			
A. Unsecured	1210		1690
B. Secured	1211	1390	1700
19. Liabilities subordinated to claims of general creditors:			
A. Cash borrowings:		1400	1710
1. from outsiders	\$ 970		
2. Includes equity subordination (15c3-1(d)) of	\$ 980		
B. Securities borrowings, at market value from outsiders	\$ 990	1410	1720
C. Pursuant to secured demand note collateral agreements		1420	1730
1. from outsiders	\$ 1000		
2. includes equity subordination (15c3-1(d)) of	\$ 1010		
D. Exchange memberships contributed for use of company, at market value		1430	1740
E. Accounts and other borrowings not qualified for net capital purposes	1220	1440	1750
20. TOTAL LIABILITIES	\$ 120,267 1230	\$ 1450	\$ 120,267 1760
 <u>Ownership Equity</u>			
21. Sole proprietorship			1770
22. Partnership (limited partners)	1020		1780
23. Corporation:			
A. Preferred stock			1791
B. Common stock		20,000	1792
C. Additional paid-in capital		200,000	1793
D. Retained earnings		375,648	1794
E. Total		595,648	1795
F. Less capital stock in treasury		( )	1796
24. TOTAL OWNERSHIP EQUITY		\$ 595,648	1800
25. TOTAL LIABILITIES AND OWNERSHIP EQUITY		\$ 715,915	1810

OMIT PENNIES

**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT**  
**PART IIA**

Date: 2/5/08 1:56 PM

Status: Accepted

**BROKER OR DEALER**

KCCI, LTD.

as of

12/31/07

**COMPUTATION OF NET CAPITAL**

1. Total ownership equity from Statement of Financial Condition	\$	595,648	3480
2. Deduct ownership equity not allowable for Net Capital	(		3490
3. Total ownership equity qualified for Net Capital		595,648	3500
4. Add:			
A. Liabilities subordinated to claims of general creditors allowable in computation of net capital			3520
B. Other (deductions) or allowable credits (List)			3525
5. Total capital and allowable subordinated liabilities	\$	595,648	3530
6. Deductions and/or charges:			
A. Total non-allowable assets from			
Statement of Financial Condition (Notes B and C)	\$	80,734	3540
B. Secured demand note deficiency			3590
C. Commodity futures contracts and spot commodities-proprietary capital charges			3600
D. Other deductions and/or charges			3610
	(	80,734	3620
7. Other additions and/or allowable credits (List)			3630
8. Net Capital before haircuts on securities positions	\$	514,914	3640
9. Haircuts on securities (computed, where applicable, pursuant to 15c3-1(f)):			
A. Contractual securities commitments	\$		3660
B. Subordinated securities borrowings			3670
C. Trading and investment securities:			
1. Exempted securities			3735
2. Debt securities			3733
3. Options			3730
4. Other securities			3734
D. Undue concentration			3650
E. Other (List)			3736
	(		3740
10. Net Capital	\$	514,914	3750

OMIT PENNIES

# FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

## PART IIA

Date: 2/5/08 1:56 PM  
Status: Accepted

BROKER OR DEALER

KCCI, LTD.

as of 12/31/07

### COMPUTATION OF BASIC NET CAPITAL REQUIREMENT

#### Part A

11. Minimum net capital required (6-2/3% of line 19)	\$	8,018	3756
12. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note (A)	\$	5,000	3758
13. Net capital requirement (greater of line 11 or 12)	\$	8,018	3760
14. Excess net capital (line 10 less 13)	\$	506,896	3770
15. Excess net capital at 1000% (line 10 less 10% of line 19)	\$	502,887	3780

### COMPUTATION OF AGGREGATE INDEBTEDNESS

16. Total A.I. liabilities from Statement of Financial Condition	\$	120,267	3790
17. Add:			
A. Drafts for immediate credit	\$	3800	
B. Market value of securities borrowed for which no equivalent value is paid or credited	\$	3810	
C. Other unrecorded amounts (List)	\$	3820	3830
19. Total aggregate indebtedness	\$	120,267	3840
20. Percentage of aggregate indebtedness to net capital (line 19 divided by line 10)	%	23.36	3850
21. Percentage of debt to debt-equity total computed in accordance with Rule 15c-3-1(d)	%		3860

### COMPUTATION OF ALTERNATE NET CAPITAL REQUIREMENT

#### Part B

22. 2% of combined aggregate debit items as shown in Formula for Reserve Requirements pursuant to Rule 15c3-3 prepared as of the date of net capital computation including both brokers or dealers and consolidated subsidiaries' debits	\$		3870
23. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note (A)	\$		3880
24. Net capital requirement (greater of line 22 or 23)	\$		3760
25. Excess net capital (line 10 less 24)	\$		3910
26. Net capital in excess of the greater of:			
5% of combined aggregate debit items or 120% of minimum net capital requirement	\$		3920

#### NOTES:

(A) The minimum net capital requirement should be computed by adding the minimum dollar net capital requirement of the reporting broker dealer and, for each subsidiary to be consolidated, the greater of:

1. Minimum dollar net capital requirement, or
2. 6-2/3% of aggregate indebtedness or 4% of aggregate debits if alternative method is used.

(B) Do not deduct the value of securities borrowed under subordination agreements or secured demand notes covered by subordination agreements not in satisfactory form and the market values of the memberships in exchanges contributed for use of company (contra to Item 1740) and partners' securities which were included in non-allowable assets.

(C) For reports filed pursuant to paragraph (d) of Rule 17a-5, respondent should provide a list of material non-allowable assets.

# FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

## PART IIA

Date: 2/5/08 1:56 PM

Status: Accepted

### BROKER OR DEALER

KCCI, LTD.

For the period (MMDDYY) from 10/01/07 3932 to 12/31/07 3933  
Number of months included in this statement 3 3931

### REVENUE

### STATEMENT OF INCOME (LOSS)

1. Commissions:		
a. Commissions on transactions in exchange listed equity securities executed on an exchange	\$ 628,740	3935
b. Commissions on listed option transactions		3938
c. All other securities commissions	362,619	3939
d. Total securities commissions	991,359	3940
2. Gains or losses on firm securities trading accounts		
a. From market making in options on a national securities exchange		3945
b. From all other trading		3949
c. Total gain (loss)		3950
3. Gains or losses on firm securities investment accounts		3952
4. Profits (losses) from underwriting and selling groups		3955
5. Revenue from sale of investment company shares		3970
6. Commodities revenue		3990
7. Fees for account supervision, investment advisory and administrative services		3975
8. Other revenue	19,834	3995
9. Total revenue	\$ 1,011,193	4030

### EXPENSES

10. Salaries and other employment costs for general partners and voting stockholder officers	376,566	4120
11. Other employee compensation and benefits	34,938	4115
12. Commissions paid to other brokers-dealers	7,100	4140
13. Interest expense	620	4075
a. Includes interest on accounts subject to subordination agreements		4070
14. Regulatory fees and expenses	31,526	4195
15. Other expenses	496,408	4100
16. Total expenses	\$ 947,158	4200

### NET INCOME

17. Net Income (loss) before Federal income taxes and items below (Item 9 less Item 16)	\$ 64,035	4210
18. Provision for Federal income taxes (for parent only)		4220
19. Equity in earnings (losses) of unconsolidated subsidiaries not included above		4222
a. After Federal income taxes of		4238
20. Extraordinary gains (losses)		4224
a. After Federal income taxes of		4239
21. Cumulative effect of changes in accounting principles		4225
22. Net income (loss) after Federal income taxes and extraordinary items	\$ 64,035	4230

### MONTHLY INCOME

23. Income (current month only) before provision for Federal income taxes and extraordinary items	4,338	4211
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FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT  
PART IIA

Date: 2/5/08 1:56 PM  
Status: Accepted

BROKER OR DEALER

KCCI, LTD.

For the period (MMDDYY) from 10/01/07 to 12/31/07

STATEMENT OF CHANGES IN OWNERSHIP EQUITY  
(SOLE PROPRIETORSHIP, PARTNERSHIP OR CORPORATION)

1. Balance, beginning of period		\$	531,613	4240
A. Net income (loss)			64,035	4250
B. Additions (includes non-conforming capital of	\$	4262	)	4260
C. Deductions (includes non-conforming capital of	\$	4272	)	4270
2. Balance, end of period (from item 1800)		\$	595,648	4290

STATEMENT OF CHANGES IN LIABILITIES SUBORDINATED  
TO CLAIMS OF GENERAL CREDITORS

3. Balance, beginning of period		\$		4300
A. Increases				4310
B. Decreases				4320
4. Balance, end of period (from item 3520)		\$		4330

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# FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT PART IIA

Date: 2/5/08 1:56 PM

Status: Accepted

BROKER OR DEALER

KCCI, LTD.

as of

12/31/07

## Exemptive Provision Under Rule 15c3-3

25. If an exemption from Rule 15c3-3 is claimed, identify below the section upon which such exemption is based (check one only)

- A. (k) (1) - \$2,500 capital category as per Rule 15c3-1 ..... 4550
- customers\* maintained ..... 4560
- C. (k) (2) (B) - All customer transactions cleared through another broker-dealer on a fully disclosed basis. Name of clearing firm pershing llc 4335 X 4570
- D. (k) (3)-Exempted by order of the Commission ..... 4580

Ownership Equity and Subordinated Liabilities maturing or proposed to be withdrawn within the next six months and accruals, (as defined below), which have not been deducted in the computation of Net Capital.

Type of Proposed Withdrawal or Accrual (See below for code to enter)	Name of Lender or Contributor	Insider or Outsider ? (In or Out)	Amount to be withdrawn (cash amount and/or Net Capital Value of Securities)	(MMDDYY) Withdrawal or Maturity Date	Expect to Renew (Yes or No)
4600	4601	4602	4603	4604	4605
4610	4611	4612	4613	4614	4615
4620	4621	4622	4623	4624	4625
4630	4631	4632	4633	4634	4635
4640	4641	4642	4643	4644	4645
4650	4651	4652	4653	4654	4655
4660	4661	4662	4663	4664	4665
4670	4671	4672	4673	4674	4675
4680	4681	4682	4683	4684	4685
4690	4691	4692	4693	4694	4695
TOTAL			\$ 4699		
OMIT PENNIES					

Instructions: Detail listing must include the total of items maturing during the six month period following the report date, regardless of whether or not the capital contribution is expected to be renewed. The schedule must also include proposed capital withdrawals scheduled within the six month period following the report date including the proposed redemption of stock and payments of liabilities secured by fixed assets (which are considered allowable assets in the capital computation pursuant to Rule 15c3-1(c) (2) (iv)), which could be required by the lender on demand or in less than six months.

WITHDRAWAL CODE:	DESCRIPTION
1.	Equity Capital
2.	Subordinated Liabilities
3.	Accruals
4.	15c3-1(c) (2) (iv) Liabilities

END